LEXXOR ENERGY INC.

1997 ANNUAL REPORT

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

Shareholders are encouraged to attend Lexxor's Annual and Special Meeting of Shareholders which will be held on Thursday, June 18, 1998 at 3:45 p.m. in the boardroom on the 23rd Floor of Chevron Plaza, at 500 - Fifth Avenue S.W., Calgary, Alberta. Those unable to attend are requested to complete and return the Proxy Form.

TABLE OF CONTENTS

ABBREVIATIONS & TERMS

ARTC	Alberta Royalty Tax Credit
Bbls	barrels
MBbls	thousand barrels
BPD	barrels per day
BOPD	barrels of oil per day
MCF/mcf	thousand cubic feet
Mmcf	million cubic feet
Bcf	billion cubic feet
BOE	barrel of oil equivalent
/d, /D	per day
MBOE	thousand barrels of oil equivalent
NGL	natural gas liquids
	Natural gas is equated to oil on the basis of:
	10 Mcf of natural gas = 1 barrel of oil equivalent

CORPORATE PROFILE

LEXXOR ENERGY INC. IS A CALGARY BASED JUNIOR EXPLORATION COMPANY WITH OIL AND GAS OPERATIONS IN WESTERN CANADA.

LEXXOR COMMENCED OPERATIONS IN LATE 1995 FOLLOWING THE CLOSING OF AN INITIAL PUBLIC OFFERING. THE COMPANY'S INITIAL DRILLING PROGRAM LED TO THE DISCOVERY OF NATURAL GAS AND LIQUIDS RESERVES IN NORTH EASTERN BRITISH COLUMBIA.

SUBSEQUENT ACTIVITY HAS SEEN LEXXOR FOCUSING ON PROSPECTS IN ALBERTA AND SASKATCHEWAN WHILE SELLING NON-CORE PROPERTIES. LATE 1997 SAW THE COMPANY EXPAND ITS EXPLORATION GROUP WITH AN EMPHASIS ON GENERATING ALL NEW PROSPECTS AND IMPLEMENTING OPERATIONAL CONTROL.

FOLLOWING A LATE 1997 PRIVATE PLACEMENT, LEXXOR IS PLANNING A $3 MILLION CAPITAL EXPENDITURE PROGRAM IN 1998 AS NEW CORE PROJECT AREAS ARE ESTABLISHED PRIMARILY IN ALBERTA.

THE COMPANY'S SHARES TRADE ON THE ALBERTA STOCK EXCHANGE UNDER THE SYMBOLS SHOWN BELOW:

CLASS A SHARES: LXX.A

CLASS B SHARES: LXX.B

HIGHLIGHTS

	1997	1996
FINANCIAL		
Oil & Gas Revenue	**$2,033,187**	(1)
Cash Flow	**$817,699**	(1)
Per share (basic)	**$0.11**	(1)
Earnings (Loss)	**($2,805,301)**	(1)
Per share (basic)	**($0.38)**	(1)
Working Capital (Deficit)	**($330,208)**	$2,349,990
Total Assets	**$6,237,056**	$8,036,389
Bank Debt	**$280,000**	-
Capital Expenditures	**$8,469,973**	$8,291,399
Sale of Properties	**$2,735,873**	$1,250,000
Shareholder's Equity	**$4,476,902**	$6,861,000
Shares Outstanding		
Class A	**8,882,683**	7,003,600
Class B	**1,390,356**	1,418,456
Class A Share Purchase Warrants outstanding	-	1,541,800

(1) During 1996 the Company was in the preproduction stage, accordingly, there was no statement of earnings.

OPERATIONS		
Land Holdings		
Gross Acres	**63,720**	53,992
Net Acres	**19,343**	13,600
Reserves (proved and risked probable)		
Natural Gas (mmcf)	**4,521**	5,206
Crude Oil and Natural Gas Liquids (thousands of barrels)	**466**	272
Total BOE (thousands)	**919**	793
Present Value of Reerves ($, thousands discounted at 15% before tax)	**4,747**	3,546
Wells drilled		
Gross	**33**	31
Net	**11.8**	7.6
Production		
Natural Gas (mcf/d)	**1,824**	418
Oil & NGL's (BPD)	**88**	10
Total BOE/D	**270**	52

TO OUR SHAREHOLDERS

After assessing our experiences during Lexxor's second full year of operation, pivotal decisions were implemented in the fourth quarter of 1997. This action, which was undertaken to address shortfalls in key corporate performance areas, emphasized the need to establish operating control over future activity. By focusing on internally generated ideas, taking high working interests and retaining operatorship, it is our intention to control the technical assessment, strategy, timing and revenue stream of all new prospects. With our expanded team now in place the prospects are emerging, are reaching the drilling phase and have begun generating cash flow while setting up future development locations.

1997 IN REVIEW

Lexxor's second year of operations was characterized by mixed drilling results, pro-active responses to production road blocks, confirmation of significant Company operated heavy oil reserves, depressed heavy oil prices at year end and recognition of the need to implement internal operational control. Highlights of 1997 include:

Drilling Activity:

During 1997 Lexxor participated in the drilling of 33 wells (11.83 net) resulting in 13 gas wells (3.98 net), 9 oil wells (3.74 net) and 11 dry holes (4.11 net). Although the statistics appear satisfactory, a number of wells cased for gas and oil potential did not hold up under extended testing and production.

Staffing:

In order to increase Lexxor's exposure to internally generated prospects, a senior geologist (staff position) and a consulting geologist joined the Company in the fourth quarter.

Investor Relations:

Senior management presented Lexxor's story at several investment conferences in 1997 including CAPP, COPIC and Energy Communications Conferences during the year. Various brokerage house presentations were also made.

Access to Capital:

During the course of 1997 Lexxor raised $2.5 million through the private placement of Class A shares. The Company's bank line was also increased to $2.1 million. In addition, strategic divestitures generated $1.8 million. A sale and lease back arrangement on the Conroy gas facilities generated $928,000.

Recent Activity:

Lexxor's expanded exploration group has generated several new prospects. Prospects at Little Bow/Badger have led to farm-in offers while trend mapping in north western Alberta has led to access to 22 sections of acreage through drilling commitments and options. Subsequently three Lexxor discoveries have been drilled at an average working interest of 88 percent and new gas production commenced April 1, 1998.

Acquisitions/Divestitures:

During the course of 1997 Lexxor sold interests in properties at Martin, Misty and Okotoks. Lexxor made formal offers to purchase two properties during the year. Both bids were unsuccessful.

Production:

Lexxor's production climbed from an average of 52 BOE/D in 1996 to an average of 270 BOE/D in 1997. With heavy oil now shut-in, Lexxor's first quarter production is expected to average 350 BOE/D.

Finding Costs:

Lexxor's finding costs per barrel of oil equivalent were unsatisfactory in 1997 at $7.68 per BOE. Even though higher field costs affected all explorers we know we can improve in this area. First quarter 1998 activity has seen new reserve additions at an estimated $4.00 per BOE.

Cash Flow/Earnings:

1997 cash flow of $817,699 ($0.11 per share basic) was below earlier expectations. Dropping oil prices, especially for heavy oil, and production delays at Okotoks played a major role in the shortfall. A ceiling test writedown of $3 million impacted earnings but does not affect asset values, reserves or cash flow.

1998 OUTLOOK

Decisions reached and action taken in the fourth quarter of 1997 have shown positive early results and have reinforced our resolve to exert maximum control over our operations. By initiating our own prospects (versus reviewing third party plays), by taking higher working interests and by maintaining operational control, we expect to improve in key areas of financial and operational performance in 1998. While recognizing certain financial limitations (our capital expenditure budget will be less than half of last year's) our project ideas should establish new core areas for future activity and provide attractive returns on a per unit of production basis. With a new gas project already established in northern Alberta (seismic and land acquired, three indicated discoveries drilled and first production on stream), the results of our recently implemented 1998 business plan are emerging. Our near term plan also entails possible disposition of non-core properties with a view to acquiring a producing property in Alberta. With natural gas prices strengthening and with a creative, dedicated team in place, we expect 1998 to be a pivotal year in Lexxor's growth.

R.R. Talbot

President

April 8, 1998

REVIEW OF OPERATIONS

CORE PROJECT AREAS

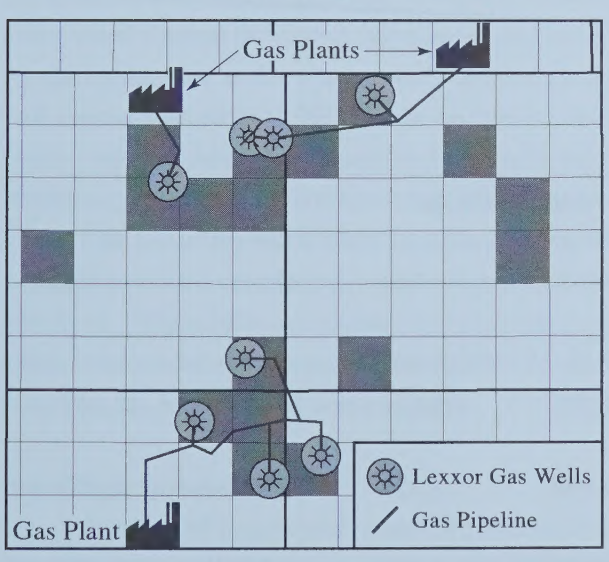
During Lexxor's second year of operation the Company participated in 33 wells at an average working interest of 36 percent. Of these, 13 were cased for gas potential and 9 were cased for oil potential. Drilling operations were focused primarily on south central Alberta prospects and our heavy oil properties in western Saskatchewan.

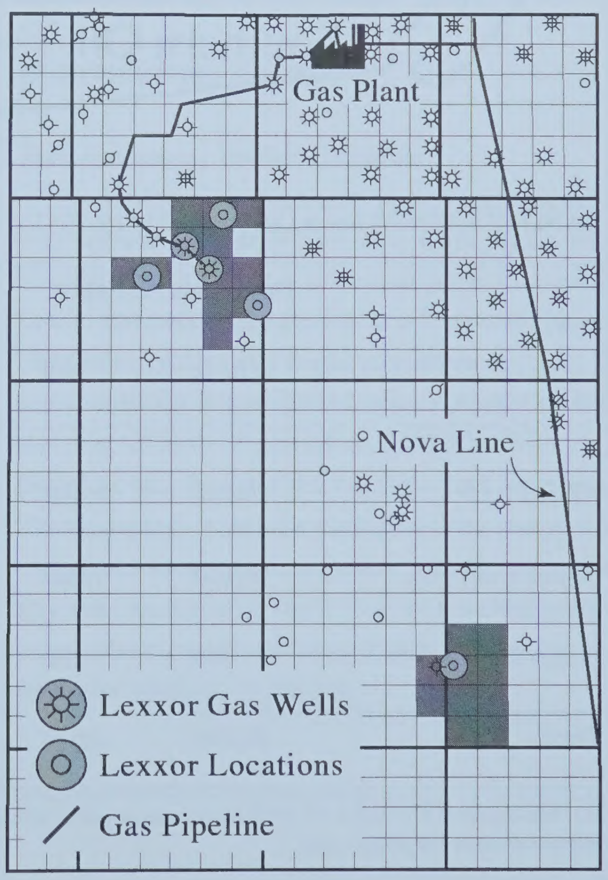
During 1997, external factors tempered the impact of successful drilling in two of our high profile project areas. At Court/Plover Lake in Saskatchewan a multiwell summer drilling program confirmed the presence of a substantial heavy oil pool underlying Lexxor acreage. Although five oil wells were drilled and ten follow-up locations are defined, plummeting heavy oil prices necessitated intermittent production during the last half of 1997. Production from the pool has been temporarily suspended until prices recover. At Okotoks/Chestermere Lexxor participated in a significant gas discovery in April 1997. While planning was underway to tie-in the discovery, an active competitor purchased a key gas plant from an inactive major company. This transaction effectively "slammed the door" on our ability to process sales gas and led to a decision to sell our property at a profit in late 1997.

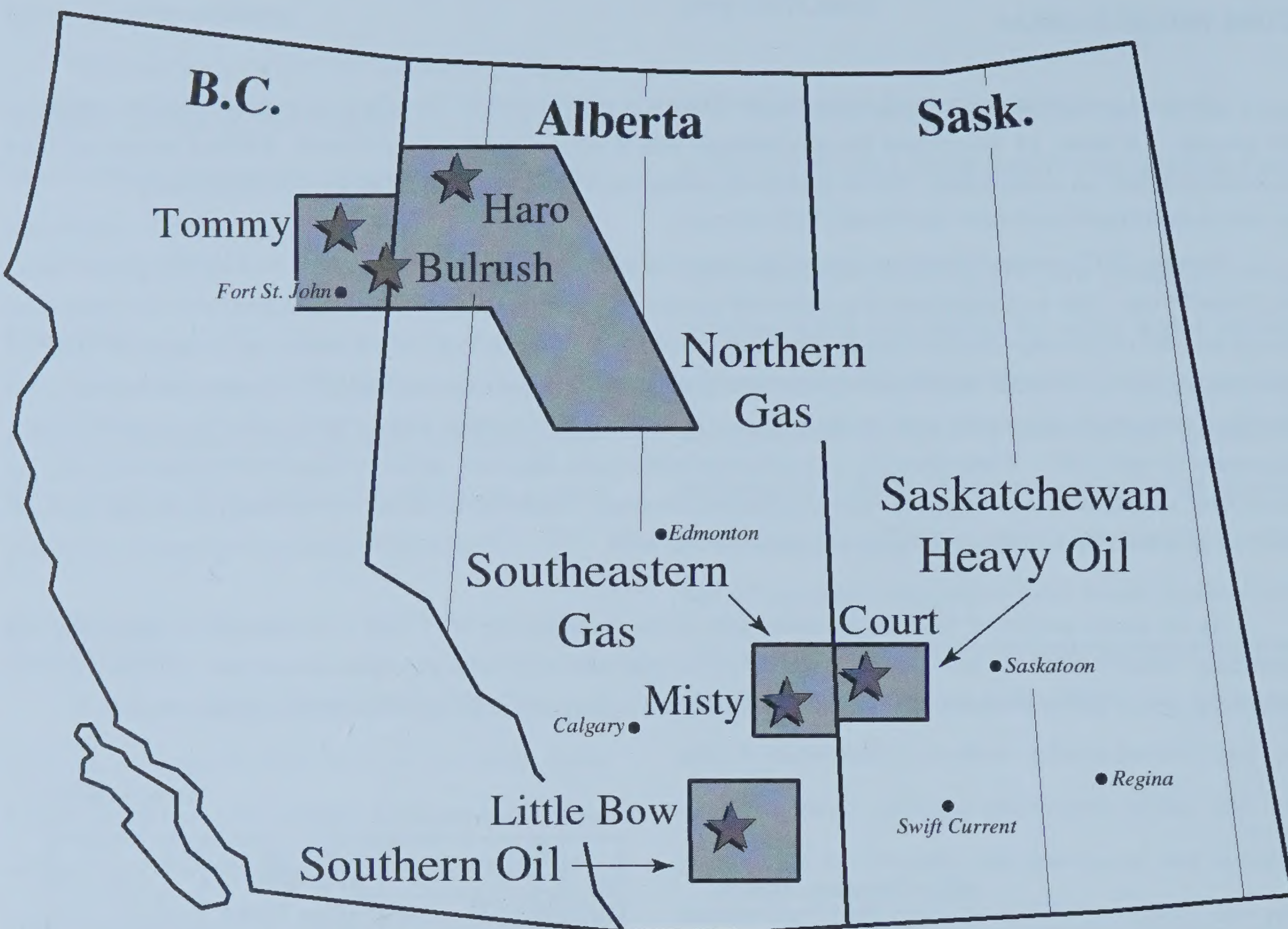
In the fourth quarter of 1997 we dedicated our efforts to adding key staff with a commitment to generating and operating virtually all of our new projects. This effort has been rewarded with the delineation of new core project areas targetting natural gas in northern Alberta and has resulted in first quarter 1998 gas discoveries in these areas.

Haro, Alberta

Misty/Monitor, Alberta







LAND HOLDINGS (as at December 31, 1997) (1)

	Developed Acreage		Undeveloped Acreage		Total Acreage	
	Gross	Net	Gross	Net	Gross	Net
Alberta	5,680	1,403	27,000	11,624	32,680	13,027
British Columbia	6,800	1,088	19,720	3,128	26,520	4,216
Saskatchewan	360	136	4,160	1,964	4,520	2,100
Total	12,840	2,627	50,880	16,716	63,720	19,343

(1) Subsequent to December 31, 1997 Lexxor has acquired drilling options on an additional 14,080 acres, entirely in the north western Alberta gas project area.

SOUTH CENTRAL PROJECTS

Monitor/Misty

During 1997 Lexxor participated at an average 33 percent interest in eleven wells (3.7 net) in this area resulting in seven gas wells and four dry holes. Six of the seven gas wells were placed on production during the year and contributed approximately 366 mcf/d to our production base. Lexxor financed the construction of a gas sales pipeline ($193,000 net) through the sale of a 15 percent interest in two shut-in gas wells and certain adjacent acreage while retaining a 25 percent interest in the sale property. A shallower gas play has emerged in the vicinity of undrilled Lexxor acreage and we are in the process of evaluating the potential for exploratory drilling in 1998.

Saskatchewan Heavy Oil

During 1997 Lexxor (50 percent) and its partner confirmed the presence of significant heavy oil reserves underlying Company lands at Court/Plover Lake in western Saskatchewan. Five development and step out wells were drilled resulting in four potential oil wells and one water disposal well. The program confirmed our 3-D seismic interpretation and established ten additional locations which are available for future development of the pool. With third party water disposal facilities at full capacity and with low product prices late in the year, production from our pool was intermittent during 1997. When on production our wells confirmed individual capability of 50 to 75 BOPD. With heavy oil prices currently below Cdn $10.00 per barrel versus Cdn $23.00 per barrel when we drilled our first well, Lexxor has elected to temporarily suspend production from the pool. When fully developed, Lexxor acreage has potential to produce an estimated 1,000 BOPD (500 BOPD net) from the Bakken Sand heavy oil pool.

Ingoldsby, Saskatchewan

In mid 1997 Lexxor participated in a successful dual leg horizontal well, following up on a 150 BOPD well drilled in 1996. The well exceeded our expectations, coming on stream at 240 BOPD. Typical declines for these wells are 40 to 50 percent in the first year. Our well has declined only 20 percent and is producing approximately 200 BOPD after 10 months of production (40 BOPD net).

Central Alberta

Eight Lexxor interest exploratory wells were drilled in Central Alberta during 1997 resulting in gas discoveries at Okotoks, Mikwan and Atim and a potential oil discovery at Ewing Lake. Exploratory dry holes were drilled on prospects at Michel, Mikwan and Garrington. Initial encouragement following our Okotoks discovery was later tempered by difficulties in accessing production facilities. We ultimately decided to sell our Okotoks holdings for $1.1 million, a gain of approximately $200,000, rather than stand still with shut-in reserves.

At Mikwan and Atim, Lexxor plans to tie-in Mannville Sand discoveries by mid 1998. The wells have potential to add 750 mcf/d net to Lexxor's production base. At Ewing Lake, seismic is being reprocessed to establish whether or not a drillable location exists up dip from our 1997 discovery which encountered oil over water in a new Nisku reef. The well is capable of 50 BOPD but high water rates impacted profitability and the well has been suspended pending seismic review.

NORTHERN PROJECTS

Tommy/Conroy, British Columbia

Activity in northern areas in 1997 included one gas well and one dry hole at Conroy in north eastern British Columbia. Following a review of project economics, Lexxor has categorized Conroy as a "non-core" property. The Conroy gas facility began production in April, 1997 and contributed 814 Mcf/d to Lexxor's production during the year. Lexxor financed its $928,000 share of gas facilities costs through a sale and lease back arrangement. The remoteness of the area and high drilling and operating costs make us reluctant to explore for new reservoirs in this area. As a result of our review we have redirected our gas exploration efforts toward new, Lexxor operated prospects primarily in Alberta.

SUBSEQUENT ACTIVITY

Haro, Alberta

With late 1997 additions to our exploration staff, new prospects are emerging with two of these reaching the drilling stage in the first quarter of 1998 and one tied-in and on production as of April 1, 1998. At North Haro, Lexxor (100 percent before payout, 55 percent after payout) has acquired the drilling rights on 12 contiguous sections of gas prone acreage. Two gas wells were drilled in March and despite a tight Lands & Forest Department deadline of March 25 to exit this area, our first discovery was production tested at 1.2 Mmcf/d and tied-in at a pipeline restricted rate of 500 mcf/d. The second well will be stimulated and tested next winter in conjunction with a planned multiwell program on the 8,000 acre block. At South Haro, 15 miles south, Lexxor (65 percent before payout, 32 1/2 percent after payout) drilled and cased an exploratory well in late March. The well is classed as a "tight hole" in light of competitive land considerations. Lexxor has drilling options on 10 sections (6,400 acres) surrounding the well and plans additional drilling at South Haro next winter.

OIL AND NATURAL GAS RESERVES

In a report effective December 31, 1997, Paddock Lindstrom & Associates Ltd. evaluated Lexxor's reserves of oil, natural gas liquids and natural gas. Proved plus risked probable oil and natural gas liquids reserves totalled 466 thousand barrels while natural gas reserves were 4.5 billion cubic feet. 92 percent of these reserves are classed as proven. The Paddock Report assigned the following pre-tax present worth values to Lexxor's reserves ($ thousands):

	Discounted at		
	10%	15%	20%
Total Proved	$4,986	$4,339	$3,850
Risked Probable	194	115	64
Proved plus Risked Probable	5,180	4,454	3,914
ARTC	183	166	153
Total	$5,363	$4,620	$4,067

RECONCILIATION OF CHANGES IN RESERVES

The following table provides the changes in gross reserves since December 31, 1996:

Oil and Liquids

(MBbls)	Proved	Probable (2)	Total
December 31, 1996	222	50	272
Discoveries, 1997	334	2	336
Less:			
Production	33	-	33
Revisions	76	33	109
Dispositions	-	-	-
December 31, 1997	447	19	466

Natural Gas

(Mmcf)	Proved	Probable (2)	Total
December 31, 1996	4,408	797	5,205
Discoveries, 1997	3,120	1,200	4,320
Less:			
Production	666	-	666
Revisions	566	742	1,308
Dispositions	2,330	700	3,030
December 31, 1997	3,966	555	4,521

Barrels of Oil Equivalent

(MBOE) (1)	Proved	Probable (2)	Total
December 31, 1996	663	130	793
Discoveries, 1997	646	122	768
Less:			
Production	100	-	100
Revisions	132	107	239
Dispositions	233	70	303
December 31, 1997	844	75	919

(1) Thousand Barrels of Oil Equivalent (where 10 thousand cubic feet of natural gas = 1 barrel of liquids).
(2) Probable reserves have been discounted by a factor of 50 percent to account for the risk associated with the probability of obtaining production from such reserves.

DRILLING ACTIVITY

Lexxor participated in the drilling of 33 wells during 1997, resulting in 13 potential gas wells, 9 oil wells and 11 dry holes for a success rate of 67 percent. Lexxor's average working interest increased markedly to 36 percent versus 25 percent in the prior year.

	Exploratory		Development		Total	
	Gross (1)	Net (2)	Gross (1)	Net (2)	Gross (1)	Net (2)
Gas	5	1.78	8	2.20	13	3.98
Oil	3	1.19	6	2.55	9	3.74
Dry	8	3.20	3	0.91	11	4.11
Total	16	6.17	17	5.66	33	11.83
Average W.I. %	38.6		33.3		35.8	
Success %	50	48	82	84	67	65

(1) "Gross" means the number of wells in which Lexxor had a working interest.
(2) "Net" means the sum of the individual working interests in all gross wells in which Lexxor had a working interest.

FINDING COST TABLE

($000 except where noted)	**1997**	1996
Finding costs		
Drilling and completions	**4,999**	5,142
Lease acquisitions and rentals	**435**	2,098
Seismic	**237**	603
Capitalized G&A	**230**	155
Total net finding costs	**5,901**	7,998
On stream costs (1)		
Equipping costs, tie-ins & facilities	**1,602**	731
Finding plus on stream costs	**7,503**	8,729
Reserve discoveries (MBOE)	**768**	1,087
Cost per BOE		
Finding costs	**$7.68**	$7.36
On stream costs (1)	**$2.09**	$0.67
Total and average per BOE	**$9.77**	$8.03

(1). On stream costs in 1997 are net of the sale and lease back of the Conroy facility ($928,000 net).

FINDING AND ON STREAM COSTS

Lexxor's finding and on stream costs were unacceptably high in 1997. While the entire industry faced higher input costs, with drilling contracts and field costs climbing 20 to 30 percent, Lexxor's per unit costs need to improve. After drilling in the first quarter of 1998 (all potential gas wells), management estimates 1998 finding costs to date are approximately $4.00 per boe. Our 1998 program has seen an increasing emphasis on operational control. It should be noted that the schedule below includes certain "front end load costs" related to land acquisition and seismic programs for prospects which have not yet been drilled.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

For the Year Ending December 31, 1997

Production

During 1996, the Company was considered to be in the preproduction state of its development. Production for 1996 averaged 418 mcf/d of natural gas and 10 Bbls of oil and NGL's. On January 1, 1997, the Company achieved commercial production of its reserves. The Company's average production for 1997 was approximately 1,824 mcf/d of natural gas and 88 Bbls of oil and NGL's.

Revenues

Petroleum and natural gas revenues totalled $2,033,187 for the year, consisting of gas revenues of $1,274,486 and oil liquids revenues of $758,701. These revenues were based on total production for the period of 270 barrels of oil equivalent (BOE) per day made up of 1,824 mcf/d day of natural gas and 88 BOPD of oil and NGL's.

Prices averaged $20.60 per BOE resulting from an average gas price of $1.91 and an average oil and liquids price of $23.61. The Company's cash netback, on a BOE basis after deducting field costs, general and administrative expenses, interest and taxes was $7.71 per BOE.

BOE Cash Netback

	1997
Sales - total	98,703
per day	270
Revenue	$20.60
Royalties	(2.74)
ARTC	0.73
Operating Costs	(6.71)
Operating Netback	11.88
General & administrative	(3.95)
Interest	(0.22)
Current tax	-
Cash Netback	$7.71

Royalties

Total royalties paid on production was $270,746 or 13.3 percent of total sales. Gas royalties totalled $151,794 or 11.9 percent while oil and liquids royalties totalled $118,952 or 15.7 percent. The Company pays higher overriding royalties on oil production than on gas production.

Alberta Royalty Tax Credit

ARTC totalled $71,664 during the period or 3.5 percent of total sales. This reduced the effective royalty rate on all production from 13.3 percent to 9.8 percent. As a larger portion of the Company's production and exploration becomes focused in Alberta, the ARTC will serve to increase future netbacks.

Operating Expenses

Operating expenses totalled $661,985 or $6.71 per BOE. Natural gas expenses totalled $584,777 or $0.88 per mcf while oil and liquids operating expenses totalled $77,208 or $2.40 per barrel. The high operating expenses for gas are a result of the Company not having working interests in facilities and therefore subject to facility owner processing arrangements, the areas in which the Company produces a large percentage of its gas reserves, namely north eastern B.C. and generally higher industry costs for field services and supplies.

Netbacks

The Company's netback for oil and natural gas liquids was $18.24 and for gas was $0.87. On a BOE basis, the Company's operating netback was $11.88 per BOE.

Production Netback

	Oil & NGL's (bbls)	Gas (mcf)
Sales - total	32,138	665,649
per day	88	1,824
Revenue	$23.61	$1.91
Royalties	(3.70)	(0.23)
ARTC	0.73	0.07
Operating Costs	(2.40)	(0.88)
Operating Netback	$18.24	$0.87

General and Administrative Expenses

Gross general and administrative expenditures totalled $719,261 for the year ended December 31, 1997. The Company has a policy of capitalizing land and geological and geophysical salaries and expenses directly related to exploration and development. This policy resulted in capitalized expenditures of $229,635 or 31.9 percent. The Company had five employees at year end and uses consultants to supplement its requirements. On a BOE basis, gross general and administrative expenditures were $7.29 and $3.95 per BOE on a net basis.

G&A Expenses

	1997
	$
Gross G&A expenditures	719,261
Overhead recoveries	(99,875)
Capitalized overhead	(229,635)
Net G&A expense	389,751
Gross G&A expense (BOE)	$7.29
Net G&A (BOE)	$3.95

The Company made a strategic operational decision in mid 1997 to generate and operate its own prospects. This decision led to increased expenditures on staffing and support positions in late 1997.

Depletion, Depreciation and Site Restoration

Depletion and depreciation expense totalled $3,603,000 for 1997. Included in this total is a ceiling test writedown, net of deferred taxes, of $3.0 million. This writedown was the result of property sales during the year, high capital expenditures, disappointing reserve additions and low year end commodity prices. Moving forward, this ceiling test writedown will serve to reduce future depletion and depreciation to more normal industry levels and should be a contibuting factor to improved future earnings.

A provision for site restoration costs of $20,000 has been calculated based upon the total estimated costs relating to future site restoration and well abandonment costs of $260,000.

Income Taxes

Since the Company has basically been financed through flow through shares, the income tax deductions for exploration and development activities are not available to the Company. As a result, approximately 70 percent of the expenditures incurred by the Company have no tax basis. In addition, because of high general and administrative expenses in relation to oil and gas revenues, our resource allowance is lower than our disallowed crown royalties. This results in a high effective rate of tax. As the Company incurs capital expenditures from sources other than flow through shares (cash flow, bank borrowings, straight equity etc.), the rate should decline to more appropriate levels.

Due to this large component of non tax deductible depreciation and depletion and the rules for recognizing losses carry forward, the Company does not have and has not recognized a significant tax benefit for 1997.

Interest and Other Income

Interest and other income for the year totalled $56,719. Interest income of $44,719 was generated from the investment of funds raised through an equity offering in late 1996, an equity offering in early 1997 and from funds generated from the sale of properties. Other income was generated from the use of Company owned equipment used in operations.

Financial Resources and Liquidity

Lexxor generates funds required to support our corporate initiatives generally from four sources: equity, internally generated cash flow, use of bank debt and working capital. The sale or rationalization of property is also used to generate or redeploy capital.

Financing

In December 1997, the Company completed a private placement of 1,335,000 Class A flow through shares for gross proceeds of $1,535,250. Also in December 1997, the Company reached an agreement to issue 434,783 Class A flow through shares for gross proceeds of $500,000. Under the terms of this agreement, the proceeds of this issue are held in trust and are released to the Company once the expenditures of $500,000 have been incurred by the Company and the shares issued.

In January 1997, the Company increased its cash position by $500,000 through a private placement to Blue Range of 400,000 units. Each unit contained one Class A share of Lexxor at $1.25 and one half of a share purchase Warrant. Each Warrant entitles Blue Range to acquire one Class A share of the Company at a price of $1.55 until July 25, 1998.

The Company currently has a line of credit of $2.5 million of which $2.1 million has been authorized for draw down. The remaining $0.4 million will be accessible by the Company as its producing properties establish some production history and as its non-producing properties are brought into production. At year end, the Company has utilized $280,000 of the available line with additional drawings expected to cover the Company's year end working capital deficiency.

In May 1997, the Company provided notice of a normal course issuer bid which provides that the Company may purchase up to 530,000 Class A Shares and up to 130,000 Class B Shares on The Alberta Stock Exchange until May 11, 1998. During the year, the Company purchased 290,000 Class A Shares for $320,252 ($1.10 per share) and 28,100 Class B Shares for $31,375 ($1.12 per share).

Lexxor will satisfy its future short and long term capital needs using a combination of the sale of shares, the use of our credit facility, from its ongoing property rationalization program, and from funds generated from its exploration and development program. It is expected these sources will be drawn upon and will be sufficient to meet ongoing obligations.

Investing

Lexxor's philosophy is to fund exploration activity such as seismic and exploratory drilling through a combination of equity and cash flow while lower risk activities such as development drilling and the construction of facilities are funded through bank debt. Lexxor is primarily an exploration company. Our capital expenditures have been directed toward the exploration for, and development and production of oil and natural gas.

Strategic acquisitions will be considered where Lexxor identifies a property which fits with existing operations.

Capital expenditures for the year ending December 31, 1997 totalled $8,469,973 an increase of $178,574 or 2 percent over the amount expended in 1996. These funds were expended on the drilling of 33 gross wells and on the completion and tie-in of successful wells. The Company drilled 31 gross wells in 1996.

Capital Expenditures

	1997	1996
	$	$
Land	434,786	1,711,333
Geological and seismic	236,925	561,425
Drilling and completions	4,998,751	5,073,842
Well equipment and tie-ins	2,517,801	726,404
Direct general and administrative	229,635	154,657
Field equipment	13,549	-
	8,431,447	8,227,661
Net production income		(132,953)
Interest income		(132,751)
Administrative costs		273,116
Office furniture and equipment	38,526	56,326
	8,469,973	8,291,399

1997 Reserve Additions (BOE)	
Proven	646,000
Proven plus probable risked at 50%	768,000
Finding and on stream costs per BOE	
Proven	$11.61
Proven plus probable risked at 50%	$9.77

During the period, the Company disposed of properties totalling $1,792,500 and did a lease back of its facilities in Tommy Lakes, British Columbia for proceeds of $928,373. The Company will continue to evaluate its property portfolio in light of its decision to take a more direct role in developing and operating its properties and prospects. This could lead to the sale of additional properties and the purchase of new properties in implementing the Company's asset rationalization plans.

MANAGEMENT'S REPORT

The financial statements of Lexxor Energy Inc. were prepared by management in accordance with accounting principles generally accepted in Canada. The financial and operating information presented in this Annual Report is consistent with that shown in the financial statements.

Management has designed and maintains a system of internal controls to provide reasonable assurance that all assets are safeguarded and to facilitate the preparation of reliable and timely financial statements for reporting purposes. Timely disclosure requires the use of estimates when transactions affecting the current accounting period cannot be finalized or known for certain until future periods. Such estimates are based on judgments made by management using all relevant information known at the time.

External auditors appointed by the shareholders have examinied the corporate and accounting records in order to express their opinion on the financial statements. The Audit Committee has met with the external auditors and management in order to determine if management has fulfilled its responsibilities in the preparation of the financial statements. The Audit Committee has reported its findings to the Board of Directors who have approved the financial statements.

R. R. Talbot

Ronald R. Talbot
President and Chief Executive Officer

J. Paul Lawrence

J. Paul Lawrence
Vice President, Finance and Chief Financial Officer

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the balance sheets of Lexxor Energy Inc. as at December 31, 1997 and 1996 and the statements of loss and deficit and changes in financial position for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1997 and 1996 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.

Coopers & Lybrand

Chartered Accountants
Calgary, Alberta
April 2, 1998

FINANCIAL STATEMENTS

BALANCE SHEETS

As at December 31

$	1997	1996
ASSETS		
Current Assets		
Cash and short term investments (note 6(b)(ii))	504,937	2,792,453
Accounts receivable (notes 2 and 9)	587,908	717,312
Prepaid expenses	37,101	15,614
	1,129,946	3,525,379
Capital Assets	5,107,110	4,511,010
	6,237,056	8,036,389
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities (note 9)	1,460,154	1,175,389
Long term debt (note 4)	280,000	-
Provision for site restoration (note 5)	20,000	-
	1,760,154	1,175,389
SHAREHOLDERS' EQUITY		
Share capital (notes 6 and 11)	7,469,544	6,861,000
Deficit	(2,992,642)	-
	4,476,902	6,861,000
	6,237,056	8,036,389

Signed on Behalf of the Board

STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Years Ended December 31

$	1997	1996
Funds provided by (used in)		
Operating Activities		
Net loss for the year	(2,805,301)	Note 1 Basis of Presentation
Items not affecting cash		
Depletion, depreciation and site restoration	3,623,000	
Cash flow from operations (note 8)	817,699	
Net increase in non-cash working capital balances	892,682	412,413
	1,710,381	412,413
Financing Acitivities		
Increase in long term debt	280,000	
Issue of common shares	2,035,250	5,734,500
Share issue costs	(218,015)	(332,632)
Normal course issuer bid share purchase	(361,032)	
Net increase in non-cash working capital		1,314,452
	1,736,203	6,716,320
Investing Activities		
Capital assets	(8,469,973)	(8,291,399)
Sale of properties	2,735,873	1,250,000
	(5,734,100)	(7,041,399)
Increase (decrease) in cash and short term investments	(2,287,516)	87,334
Cash and short term investments - beginning of period	2,792,453	2,705,119
Cash and short term investments - end of period	504,937	2,792,453

STATEMENT OF LOSS AND DEFICIT

For the Years Ended December 31

$	1997	1996
Revenue		
Petroleum and natural gas	2,033,187	Note 1 - Basis of Presentation
Royalties	(270,746)	
Alberta royalty tax credit	71,664	
	1,834,105	
Interest and other income	56,719	
	1,890,824	
Expenses		
Operating	661,985	
General and administrative	389,751	
Interest	21,389	
Depletion, depreciation and site restoration	3,623,000	
	4,696,125	
Net loss for the year (note 8)	(2,805,301)	
Share repurchases (note 6)	(187,341)	
Deficit - end of period	(2,992,642)	

NOTES TO THE FINANCIAL STATEMENTS

For the years ending December 31, 1997 and 1996.

Lexxor Energy Inc. (the "Company") was incorporated under the laws of The Province of Alberta on August 8, 1995 as 663900 Alberta Inc. On September 27, 1995, the Company filed a Certificate of Amendment changing its name to Lexxor Energy Inc. The Company's shares began trading on The Alberta Stock Exchange on January 28, 1996.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada and include the following accounting policies.

Basis of presentation

The Company's activities during the year ended December 31, 1996, were directed towards the exploration for and development of petroleum and natural gas properties. These activities were considered by management to be in the preproduction stage. As a result, all costs associated with such activities, net of revenues, were included as deferred exploration costs as a component of capital assets. Accordingly, there is no comparative statement of earnings included with these financial statements. On January 1, 1997, the Company reached a level of commercial production and commenced to account for its oil and gas activities in accordance with the full cost method of accounting.

Petroleum and natural gas properties

The Company follows the full cost method of accounting for petroleum and natural gas operations, whereby all costs related to the exploration for and development of petroleum and natural gas properties and related reserves are capitalized. Such costs include land acquisition costs, geological and geophysical expenditures, costs of drilling both productive and non-productive wells, tangible production equipment and that portion of general and administrative expenditures directly related to exploration and development activities. Interest costs are not capitalized unless a major development project is undertaken.

Capitalized costs, including tangible production equipment, are depleted using the unit-of-production method based on estimated proven reserves of petroleum and natural gas before royalties as determined by management and reviewed by an independent reserve engineer.

Gains or losses on the sale or disposition of petroleum and natural gas properties are not ordinarily recognized except under circumstances which result in a significant change in the depletion rate.

The Company applies a ceiling test to capitalized costs on an annual basis to ensure that such costs do not exceed the estimated future net revenues from production of proven reserves, using prices and costs in effect at year-end, plus the cost of undeveloped properties, net of impairment, less amounts associated with future general and administrative costs, financing costs, site restoration costs and income tax expense.

Joint ventures

Substantially all of the Company's exploration and development activities are conducted jointly with other industry participants, and accordingly the financial statements reflect only the Company's proportionate interest in such activities.

Flow through shares

The Company issues flow through shares at a fixed price. Under these financing arrangements, the resultant proceeds are used to fund exploration and development work within a defined time period. The income tax deductions associated with the expenditures funded by flow through arrangements are renounced to investors in accordance with the appropriate tax legislation. Petroleum and natural gas properties and share capital are reduced by the estimated value of the renounced tax deductions when the expenditures are incurred.

Future site restoration costs

The Company evaluates costs related to future site restoration. These estimated costs are provided for on the unit-of-production method and are included in depletion and depreciation expense.

Financial instruments

The Company's financial instruments recognized in the balance sheet consist of cash, short term investments, accounts receivable, accounts payable, accrued liabilities and long term debt. The fair value of these recognized financial instruments approximate their carrying amounts due to the short term maturity of these investments. The fair value of long term debt approximates its carrying amount as the interest rate is at a commercial lending rate.

2) ACCOUNTS RECEIVABLE

The accounts receivable balance at December 31, 1996 includes an amount of $464,000 which related to monies held by Montreal Trust in connection with the issuance of shares. The amount outstanding at December 31, 1996 was received by the Company in January 1997.

3) CAPITAL ASSETS

	1997	1996
	$	$
Capital Assets		
Petroleum and natural gas properties	6,757,159	3,912,914
Well equipment	1,857,134	540,805
	8,614,293	4,453,719
Office furniture and equipment	95,817	57,291
	8,710,110	4,511,010
Accumulated depletion and depreciation	(3,603,000)	-
	5,107,100	4,511,010

As at December 31, 1997, petroleum and natural gas properties are presented net of $4,560,000 (1996 - $3,025,000) of income tax benefits renounced to the Company's shareholders. Undeveloped properties with a cost of $975,000 have been excluded from costs subject to depletion.

At December 31, 1997, the Company recorded a writedown of its petroleum and natural gas properties of $3,000,000 based on a year end oil price of $16.51 and a year end natural gas price of $1.76. This writedown was recorded as additional depletion and depreciation. During the year, the Company capitalized $229,635 of general and administrative expenditures related to exploration and development activities.

4) LONG TERM DEBT

During 1997, the Company negotiated a revolving demand production loan facility in the amount of $2,500,000 of which $2,100,000 is currently available to the Company. The remaining $400,000 will be accessible by the Company as its producing properties establish more of a production history and as its non-producing properties are brought on production. As of December 31, 1997, an amount of $280,000 has been drawn under the facility. The facility is allowed to revolve and fluctuate at the Company's discretion without fixed repayment terms and is subject to an annual review. The collateral for the credit facility is provided by a floating charge oil and gas debenture in the principal amount of $5,000,000.

5) SITE RESTORATION COSTS

At December 31, 1997, the total estimated costs relating to future site restoration and well abandonments, net of expected recoveries, are estimated to be $260,000 (1996 - Nil) of which $20,000 (1996-Nil) has been provided for.

6) SHARE CAPITAL

a) Authorized

Unlimited number of Class A voting shares.

Unlimited number of Class B voting shares, convertible at the option of the Company at any time after November 30, 1998 and before November 30, 2000 into Class A shares upon 5 days prior notice to holders of Class B shares. The fraction of a Class A share obtained upon conversion of each Class B share will be equal to $5.00 divided by the greater of $1.00 and the then current market price of the Class A shares. If the Company fails to exercise the conversion option by November 30, 2000, then the Class B shares shall be convertible, at the option of the shareholders, at any time after December 1, 2000 and before January 31, 2001, into Class A shares. Any Class B shares which have not been converted into Class A shares by January 31, 2001 will be deemed coverted into Class A shares effective January 31, 2001.

b) Issued and Issuable

	1997		1996	
	Number of Shares	Amount $	Number of Shares	Amount $
Class A Shares				
Balance - beginning of period	7,003,600	3,509,470	4,483,600	842,102
Issued for cash pursuant to private placement	400,000	500,000	-	-
Issued for cash pursuant to flow through share offering	1,335,000	1,535,250	2,520,000	3,000,000
Issuable for cash pursuant to flow through share offering (note 6(b)(ii))	434,783	500,000	-	-
Tax benefit flowed through to shareholders		(1,425,000)		
Repurchase of own shares	(290,700)	(110,466)		
Share issue costs		(218,015)		(332,632)
Balance - end of Period	8,882,683	4,291,239	7,003,600	3,509,470

	Number of Shares	Amount $	Number of Shares	Amount $
Class B Shares				
Balance - beginning of period	1,418,456	3,351,530	1,418,456	6,201,530
Tax benefit flowed through to shareholders	-	(110,000)	-	(2,850,000)
Repurchase of own shares	(28,100)	(63,225)	-	-
Balance - end of period	1,390,356	3,178,305	1,418,456	3,351,530
		7,469,544		6,861,000

i) In December 1997, the Company issued by way of private placement 1,335,000 Class A flow through shares for gross proceeds of $1,535,250. The Company has renounced for income tax purposes $1,535,250 of exploration and development expenditures to the purchasers of the shares effective December 31, 1997. As at December 31, 1997, the Company had incurred approximately $225,000 of these expenditures and has until December 31, 1998 to incur the balance of $1,310,250 of these expenditures. The share issue costs related to the offering, in the amount of $125,000, were paid out of the Company's working capital.

ii) In December 1997, the Company entered into an agreement with the Petrovest IV Flow-Through Share Limited Partnership (Petrovest) to issue 434,783 Class A shares on a flow-through basis for gross proceeds of $500,000. The funds are held in trust for the Company pending the Company issuing the forms prescribed in the Income Tax Act (Canada) and the Taxation Act (Quebec), incurring qualifying expenditures of $500,000 and issuing the flow through shares (note 11). The Company has renounced for income tax purposes $500,000 of exploration and development expenditures to Petrovest effective December 31, 1997. The Company has until December 31, 1998 to incur these expenditures. The share costs and commissions of $41,500 related to the offering were paid out of the Company's working capital.

iii) During 1997, the Company issued by way of private placement 400,000 units to Blue Range Resource Corporation ("Blue Range"), a related party by virtue of it being a significant shareholder, and by virtue of Blue Range and the Company having common directors. Each unit contained one Class A share of the Company at $1.25 per share and one-half of a Class A share purchase warrant. Each warrant entitles Blue Range to acquire one Class A share of the Company at a price of $1.55 until July 25, 1998.

iv) In May 1997, the Company filed notice of its intention to make a normal course issuer bid. The notice provides that the Company may, during the 12 month period ending May 11, 1998, purchase on The Alberta Stock Exchange up to 530,000 Class A shares and up to 130,000 Class B shares. To December 31, 1997, the Company has purchased and cancelled 290,700 Class A shares at prices ranging from $1.02 to $1.27 and 28,100 Class B shares at prices ranging from $1.02 to $1.25. The costs incurred relating to the normal course issuer bid were $6,692.

v) In December 1996, the Company issued 2,520,000 Class A flow through shares for gross proceeds of $3,000,000. The Company incurred and renounced for income tax purposes $3,000,000 of exploration and development expenditures to the purchasers of the shares effective December 31, 1996. As at December 31, 1997, the Company accrued $50,419 in Part XII tax relating to the flow through offering which was paid subsequent to year end.

vi) In December 1995, the Company closed share subscription agreements in relation to its initial public offering. The Company sold 7,709 units at $1,000 per unit for gross proceeds of $7,709,000. Each unit consisted of 400 Class A shares and 184 Class B shares worth a stated value of $80 and $920 respectively, and 200 Class A share purchase warrants. The Class B shares in the Company's initial public offering were issued as qualifying flow through shares for income tax purposes. The Company renounced effective for taxation years 1995 and 1996, $7,092,280, being the subscription price of the Class B shares, of exploration and development expenditures to the purchasers of the units. By February 28, 1997, $7,092,280 (1996 - $6,850,727) of the proceeds had been expended on qualifying oil and gas expenditures and the resulting tax benefit of $3,135,000 (1996 - $3,025,000) was flowed through to the shareholders. The share issue costs related to the offering totalled $778,000.

c) Warrants

As part of the Company's initial public offering in December 1995, 1,541,800 warrants were issued which entitled the holder to acquire one Class A share for $1.50 until June 30, 1997. In May 1997, the Company extended the expiry date of these warrants to December 1, 1997. These warrants expired unexercised.

As part of a private placement in January, 1997, 200,000 warrants were issued which entitle the holder to acquire one Class A share for $1.55 until July 25, 1998.

d) Share subscription outstanding

The Company's initial public offering allowed shareholders (except Ontario residents) the option to pay for half of their initial investment on closing and the remaining balance on March 1, 1996. As a result, at December 31, 1995, 546,900 Class B shares were reserved for issue to subscribers of the initial public offering upon payment of $2,734,500 on March 1, 1996. On March 1, 1996, the Company issued 546,900 Class B shares to subscribers of the initial public offering and received $2,734,500 cash consideration for these shares.

e) Stock options

The Company has a stock option plan which provides directors, employees and consultants with options to buy Class A shares. At year end a total of 676,000 stock options had been granted. During 1997, the Company granted options to purchase 120,000 Class A shares at $1.10 per share. During 1996, the Company granted options to purchase 360,000 Class A shares at $1.25 per share, 4,000 options to purchase Class A shares at $1.40 per share and 246,000 options to purchase Class A shares at $1.30 per share. During 1997, 54,000 options issed in 1996 were forfeited unexercised by former consultants to the Company. The options are exercisable over a 5 year period and expire between January 2001 and October 2002.

7) INCOME TAXES

The Company has an effective tax rate which differs from the expected Canadian income tax rate. The differences are as follows:

	1997	1996
	$	
Statutory tax rate	45%	Note 1 - Basis of Presentation
Computed expected tax provision	(1,262,385)	
Increase (decrease) resulting from:		
Resource allowance	(25,502)	
Non-deductible depletion	1,037,712	
Crown charges	57,609	
Loss not recognized	192,566	
Provision for income taxes	0	

8) LOSS AND CASH FLOW FROM OPERATIONS PER SHARE

	1997	1996
Basic		
Loss per share	($0.38)	Note 1 - Basis of Presentation
Cash flow per share	$0.11	
Weighted average number of shares	7,396,127	
Fully Diluted		
Loss per share	anti dilutive	
Cash flow per share	$0.06	
Fully diluted number of shares	13,189,277	

Fully diluted cash flow per share has been calculated assuming the conversion of the Class B shares at the beginning of the year, less repurchases during the year, using the fraction of $5.00 divided by $1.20 for the year ending December 31, 1997, which was the Class A share market close on December 31, 1996 (see note 6(a)).

9) RELATED PARTY TRANSACTIONS

During 1997, the Company issued by way of private placement 400,000 units to Blue Range Resource Corporation ("Blue Range"), a related party by virtue of it being a significant shareholder, and by virtue of Blue Range and the Company having common directors. Each unit contained one Class A share of the Company at $1.25 per share and one-half of a Class A share purchase warrant. Each warrant entitles Blue Range to acquire one Class A share of the Company at a price of $1.55 until July 25, 1998.

The Company and Blue Range participated in projects with Blue Range or the Company as operator. As at December 31, 1997, the Company's share of capital expenditures of $8,624,688 (1996 - $7,240,525) had been incurred on these projects, all under regular industry terms.

The accounts receivable balance at December 31, 1997 includes an amount of $278,929 (1996 - $161,017) receivable from Blue Range. The accounts payable balance at December 31, 1997 includes an amount of $264,259 (1996 - $870,267) payable to Blue Range.

In September 1996, the Company closed the sale of certain interests in oil and gas properties to Blue Range for gross proceeds of $1,250,000. The sale price was determined using independent evaluations on the properties.

10) COMMITMENTS

Pursuant to agreements relating to an operating lease, a lease for office premises and a lease for office equipment, the Company is obligated to make the following future payments:

	$
1998	272,026
1999	268,450
2000	266,662
2001	266,662
2002	108,715

11) SUBSEQUENT EVENT

In March 1998, the Company had incurred all of the $500,000 of qualifying expenditures as required under the agreement with Petrovest. The Company issued 434,783 Class A shares on March 20, 1998 and received $500,000 from funds held in trust as consideration for the shares on April 1, 1998.

QUARTERLY SUMMARY

	1997	4th	3rd	2nd	1st
Statement of Earnings (Loss)					
($000, quarterly unaudited)					
Revenue					
Petroleum and natural gas	2,033	676	643	407	307
Royalties	(271)	(75)	(99)	(47)	(50)
Alberta royalty tax credit	72	37	25	3	7
	1,834	638	569	363	264
Interest and other income	57	2	4	25	26
	1,891	640	573	388	290
Expenses					
Operating	662	144	271	167	80
General and administrative	390	90	64	141	95
Interest	21	16	5	-	-
Depletion and depreciation	3,623	3,233	193	127	70
	4,696	3,483	533	435	245
Earnings (loss) before income taxes	(2,805)	(2,843)	40	(47)	45
Deferred income taxes (benefit)	-	(125)	69	16	40
Net earnings (loss) for the period	(2,805)	(2,718)	(29)	(63)	5
Cash flow from operations ($000's)	818	390	233	80	115
Per common share - basic	$0.11	$0.05	$0.03	$0.01	$0.02
- fully diluted	$0.06	$0.03	$0.02	$0.00	$0.00
Capital expenditures	8,470	1,610	1,660	2,694	2,506
Sale of Property	(2,736)	($1,090)	(192)	(929)	(525)
Balance sheet information ($000's)					
Total assets	6,237	6,237	9,536	9,338	9,935
Long term debt (1)	610	610	2,080	750	-
Shareholder's equity	4,477	4,477	6,247	6,377	7,074
Common shares outstanding (000's)					
Class A	8,882	8,882	7,230	7,380	7,404
Class B	1,390	1,390	1,417	1,418	1,418

(1) Includes working capital deficiency.

Net Asset Value (as at December 31)	1997	1996
($ 000's)		
Oil and Gas Reserves	4,747	3,546
Undeveloped Acreage	1,276	1,450
Seismic and Other Assets	400	300
Working Capital (deficit)	(328)	2,350
Long Term Debt	(280)	-
	5,815	7,646
Common Shares Outstanding		
(000's)		
Class A	8,883	7,004
Class B	1,390	1,418
Net Asset Value per Share		
Basic	$0.65	$1.09
Fully Diluted	$0.37	$0.59

(1) Fully diluted shares outstanding at December 31, include Common Shares outstanding plus the assumed conversion into Class A shares of the 1,390,356 Class B shares outstanding at December 31, 1997 and 1,418,456 Class B shares outstanding at December 31,1996 at $5.00 divided by the year end market price of $1.00 for 1997 and $1.20 for 1996 of the Class A shares.

Trading Range of Common Shares

	High	Low	Volume
1997			
Fourth quarter	1.15	1.10	276,700
Third quarter	1.50	1.00	283,980
Second quarter	1.35	0.90	339,940
First quarter	1.50	0.90	426,440
Closing Price	1.00		1,327,060

LEXXOR ENERGY INC.

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BOARD OF DIRECTORS

Ronald R. Talbot
President and Chairman of the Board

J. Paul Lawrence (1)
Vice President, Finance

J. Gordon Ironside (1)(2)
President, Blue Range Resource Corporation

Michael P. Stanton (2)
Independent Geologist

Ronald J. Will (1)(2)
Financial Executive

(1) Member of Audit Committee
(2) Member of the Compensation Committee

OFFICERS AND SENIOR PERSONNEL

Ronald R. Talbot
President and Chief Executive Officer

J. Paul Lawrence
Vice President, Finance and Chief Financial Officer

Wayne E. Merkel
Manager, Exploration

Lionel A. Stewart
Senior Explorationist

Patricia J. Allen
Office Manager

Gregory G. Turnbull
Corporate Secretary

SOLICITORS

Code Hunter Wittmann
1400, 700 Second Street S.W.
Calgary, Alberta T2P 4V5

BANKERS

Alberta Treasury Branches
239 - Eighth Avenue S.W.
Calgary, Alberta T2P 1B9

AUDITORS

Coopers & Lybrand
Standard Life Tower
2100, 639 - 5th Avenue S.W.
Calgary, Alberta T2P 0M9

EVALUATION ENGINEERS

Paddock Lindstrom & Associates Ltd.
2000, 801 - Sixth Avenue S.W.
Calgary, Alberta T2P 3W2

REGISTRAR AND TRANSFER AGENT

Montreal Trust Company of Canada
Calgary and Toronto

EXCHANGE LISTING

The Alberta Stock Exchange

STOCK SYMBOLS

Class A Shares: LXX.A
Class B Shares: LXX.B

LEXXOR

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